

Commercial Customs Advisory Committee (COAC)

1

Quarterly Meeting – Summary Minutes

July 27, 2016 Boston, MA



U.S. Customs and
Border Protection

1 Commercial Customs Operations Advisory Committee

2 (COAC)

3 U.S. Customs and Border Protection

4

5 Executive Summary

6

7 July 27, 2016

8 12:30 p.m. - 4:30 p.m.

9

10

11 **Committee Welcome and Roll Call**

12 Designated Federal Official Maria Luisa Boyce

13 opened meeting with a thank-you to everyone

14 attending and a Committee roll call. The

15 following COAC members were present: Ms. Brenda

16 Barnes, Mr. David Berry, Ms. Heidi Bray, Ms.

17 Celeste Catano, Mr. Lenny Feldman, Ms. Lisa

18 Gelsomino, Ms. Suzanne "Susie" Hoeger, Mr. Vince

19 Iacopella, Ms. Alexandra Latham, Ms. Amy Magnus,

20 Ms. Julie Ann Parks, Mr. Adam Salerno, Ms.

21 Madeleine Veigel, Mr. Michael White, and Mr.

22 Michael Young. Members absent: Cindy Allen, Scott

OLENDER REPORTING, INC.

1100 Connecticut Avenue NW, #810, Washington, DC 20036

Washington: 202-898-1108 • Baltimore: 410-752-3376

Toll Free: 888-445-3376

1 Boyer, Brandon Fried, Elizabeth Merritt and Kevin
2 Pinel.

3

4 **Opening Remarks by Commissioner R. Gil**

5 **Kerlikowske**

6

7 Commissioner Kerlikowske welcomed everyone and
8 expressed thanks to Mr. Tim Skud, Mr. Iacopella,
9 and Ms. Parks for their continued work and then
10 acknowledged Ms. Christa Brzozowski, Mr. Dan
11 Ragsdale, Boston Port Director Clint Lamm, Ms.
12 Dale Kelly, Ms. Cindy Walters, and Tamesha
13 Woulard. He also introduced Mr. Bill Ferrara, the
14 new Director of Field Operations, and thanked Mr.
15 Domenic Veneziano for everything he had done.

16

17 He then mentioned some of the work the different
18 subcommittees and working groups had
19 accomplished. Commissioner Kerlikowske pointed
20 out they were doing their best to uphold their
21 responsibility for trade enforcement.

22

1

2 **Opening Remarks by Mr. Tim Skud of the Department**
3 **of Treasury**

4 With globalization of trade, Mr. Skud said, comes
5 more need to protect U.S. citizens. He stressed
6 how useful it is for all the different agencies
7 with border responsibilities to meet with each
8 other. He touched on the Trade Facilitation and
9 Trade Enforcement Act, offering assurance that
10 the trade community can soon expect to see some
11 guidance on issues brought to his attention.

12

13 After acknowledging his interest in the work of
14 the Intellectual Property Working Group, Mr. Skud
15 moved on to the North American Single Window. He
16 reiterated his belief of the importance of
17 aligning anything accomplished in North America
18 with developed global standards, particularly the
19 WCO Data Model, and stressed that the benefits of
20 global facilitation should be addressed.

21

22

1

2 **Opening Remarks by Ms. Christa Brzozowski of the**
3 **Department of Homeland Security**

4 Deputy Assistant Secretary Christa Brzozowski
5 thanked the Boston field office for hosting the
6 meeting. She also conveyed her appreciation to
7 COAC and the commissioner for inviting DHS.

8

9 She pointed out the prominence in the national
10 agenda of trade issues, such as the negotiations
11 around the Trans Pacific Partnership, the North
12 American Leaders' Summit, and a meeting between
13 the President and Mexico's Pena Nieto on Trusted
14 Trader programs, preclearance opportunities, and
15 border infrastructure. She also mentioned the
16 National Security Advisor's recent visit to
17 China, alluding to a presidential-level trip, the
18 Canadian Prime Minister's visit to the U.S., and
19 the Vice President's recent event on the
20 implementation of TFTEA.

21

22 Commending the Committee on work accomplished,

1 Ms. Brzozowski moved on to Single Window,
2 announcing that the focus was going to be on
3 getting all agencies up and running by the end of
4 the year. According to Ms. Brzozowski, the Border
5 Interagency Executive Council, designated by the
6 World Customs Organization as a best practice of
7 bringing interagency bodies together, still has
8 room for improvement.

9

10 She then mentioned ACE, saying that if it just
11 increases holds, without offering increased
12 security and safety, that doesn't deliver on its
13 intentions. She urged government stakeholders to
14 communicate amongst themselves in order to
15 reflect trends in the trade environment.

16

17 Providing a cautionary tale, Mr. Brzozowski
18 talked about a Government Accountability Office
19 report that highlights projects the government
20 has had trouble moving forward. A few
21 characteristics these projects had in common:
22 when a government is delivering an in-house IT

OLENDER REPORTING, INC.

1100 Connecticut Avenue NW, #810, Washington, DC 20036

Washington: 202-898-1108 • Baltimore: 410-752-3376

Toll Free: 888-445-3376

1 acquisition and management system, when multiple
2 departments and agencies are involved, when the
3 effort requires modernization of legal issues or
4 regulatory issues, when a project requires
5 modernization of policies and procedures, when
6 multiple-year budgeting requirements are
7 necessary, and when a project needs to
8 accommodate both public and private interests.

9

10 Ms. Brzozowski then listed five criteria for
11 success, taken from that same report: maintaining
12 leadership commitment; maintaining the capacity,
13 resources, the people, and the expertise to do
14 it; an action plan; data-driven monitoring; and
15 making sure capability to demonstrate progress
16 towards the goals is present.

17

18 **Opening Remarks by Mr. Daniel Ragsdale of U.S.**
19 **Immigration and Customs Enforcement**

20

21 Deputy Director Daniel Ragsdale provided an
22 update on progress made. He said they've worked

1 with the National Association of the Boards of
2 Pharmacy on specific internet registrars that
3 will validate online pharmacies. They're also
4 supporting the Trustworthy Accountability Group
5 to crack down on piracy and malware associated
6 with digital advertising.

7 He then mentioned some activities and tools the
8 Intellectual Property Rights (IPR) Center has
9 come out with to educate consumers, including a
10 "Report IP Theft" button. They've has also
11 increased their collaborative Public Service
12 Announcement, hired a manager specifically for
13 outreach and education, are developing a mobile
14 app to allow the public to report incidents of
15 counterfeiting, and have developed an online
16 marketplace guide.

17

18 Delving further into the IPR Center's activities,
19 Mr. Ragsdale said they're reinvigorating their
20 commercial fraud strategy, are going to continue
21 to work develop best practices, and are going to
22 work with local U.S. Attorneys' Offices to get

OLENDER REPORTING, INC.

1100 Connecticut Avenue NW, #810, Washington, DC 20036

Washington: 202-898-1108 • Baltimore: 410-752-3376

Toll Free: 888-445-3376

1 the right cases prosecuted.

2

3 **Opening Remarks by Ms. Julie Ann Parks for COAC**

4

5 After thanking Commissioner Kerlikowske, Mr.
6 Skud, and the Boston Field Office and port staff,
7 COAC Trade Co-Chair Ms. Parks expressed her
8 excitement over COAC's upcoming tour of the
9 Raytheon facility. She then touched on some of
10 the subcommittee highlights that would be
11 discussed during this meeting.

12

13 She first spoke on why Trusted Trader is so
14 important and then highlighted the activities of
15 the Trade Enforcement and Revenue Collection
16 Subcommittee. Next, she moved to the Exports
17 Subcommittee, referencing the Table Top exercise
18 and how she's looking forward to making that more
19 of a public document. Finally, she spoke on
20 Export Modernization and the Automated Manifest.

21

22

1

2 **Opening Remarks by Mr. Vincent Iacopella for COAC**

3

4 COAC Trade Co-Chair Mr. Iacopella picked up where
5 Ms. Parks left off in highlighting the activities
6 and accomplishments of the additional
7 subcommittees, beginning with the One U.S.
8 Government Subcommittee. He said the ACE adoption
9 has been a tremendous success and offered his
10 thanks to CBP for having listened to
11 recommendations from the 13th and 14th COACs on
12 how it would impact commerce.

13

14 He made specific mention of one past
15 recommendation: a list of those who might have
16 issues with ACE implementation and why they might
17 have difficulties. He expressed appreciation to
18 CBP for addressing that. Mr. Iacopella spoke on
19 how COAC fully supports ACE and then touched on
20 the section on clearances in the Trade
21 Enforcement and Facilitation Act, Section 321.

22

1

2 **Trade Enforcement and Revenue Collection (TERC)**

3

Subcommittee Discussion

4

5 Subcommittee Co-Chair Lisa Gelsomino expressed
6 her appreciation to CBP for implementing prior
7 recommendations and to Mr. Alexander Amdur and
8 his team on antidumping for taking the Working
9 Group's feedback so seriously. She stated that
10 Trade Facilitation and Trade Enforcement Act
11 (TFTEA) has been keeping the group very busy and
12 pointed out the three active working groups: The
13 Antidumping Countervailing Duty, Bond Working
14 Group, and the Intellectual Property Rights
15 Working Group.

16

17 In the last quarter, the Subcommittee focused on
18 TFTEA Section 115: the establishment of importer
19 risk assessment. She then announced the Enforce
20 and Protect Act, which is expected to get
21 implemented with a notice of proposed rulemaking
22 by August 22nd.

OLENDER REPORTING, INC.

1100 Connecticut Avenue NW, #810, Washington, DC 20036

Washington: 202-898-1108 • Baltimore: 410-752-3376

Toll Free: 888-445-3376

1

2 Ms. Gelsomino then recognized some prior COAC
3 recommendations that are important to the TERC
4 Subcommittee, referencing the 5106 and the new
5 form. Speaking on the Broker-Known Importer
6 Program, she said they'd like to consider if BKIP
7 can help with enforcement and, if not, how TERC
8 can develop tools that will.

9

10 Another prior recommendation involves IPR and
11 preventing corporate identity theft. Ms.
12 Gelsomino wants to begin thinking about the
13 benefits of the Automated Commercial Environment
14 (ACE) in enforcement. Through the ACE portal, she
15 said, importers can manage their entries and
16 appoint their filers, helping with identity
17 theft.

18

19 Moving on to recommendations from the
20 Intellectual Property Rights Working Group, Ms.
21 Gelsomino, on behalf of Mr. Kevin Pinel, spoke
22 about the IPR Known Importer Program and how,

OLENDER REPORTING, INC.

1100 Connecticut Avenue NW, #810, Washington, DC 20036

Washington: 202-898-1108 • Baltimore: 410-752-3376

Toll Free: 888-445-3376

1 unfortunately, it could not be uniformly managed
2 through safe trade associations. The group still
3 believes there is some benefit to co-create a
4 program with the National IPR Center.

5

6 Another recommendation was that the National IPR
7 Center partner with the Working Group to promote
8 the Report IP Theft campaign and the button. In
9 addition to promoting the button, another
10 suggestion was a hotline that could provide real-
11 time intelligence.

12

13 The third recommendation was that CBP partner
14 with e-commerce stakeholders to develop an online
15 survey through the e-commerce automated process,
16 perhaps including the report IP theft button
17 there, as well.

18

19 The fourth recommendation was a call for the IPR
20 Working Group to co-create a program to better
21 manage blanks -- goods that come in without the
22 logo, which is later applied -- through the ACE

OLENDER REPORTING, INC.

1100 Connecticut Avenue NW, #810, Washington, DC 20036

Washington: 202-898-1108 • Baltimore: 410-752-3376

Toll Free: 888-445-3376

1 portal, and the fifth recommendation applauded
2 the excellent work the Centers of Excellence and
3 Expertise were doing and requested sharing of
4 information and messaging to the trade.

5

6 Ms. Boyce asked for questions from the public or
7 the webinar. There were none, and the Committee
8 voted on and passed the recommendations.

9 **Recommendations passed unanimously.**

10

11 Ms. Gelsomino then discussed recommendations from
12 the Antidumping Countervailing Duty Working
13 Group: CBP continue to conduct public outreach
14 and to educate the trade on Enforce proceedings,
15 support of development of the Online Tool for the
16 Enforce Act, mitigation of the risk of
17 unwarranted damage to the reputation of innocent
18 parties, effort be put forth to get enforcement
19 information out to importers more frequently, and
20 relying on the new 5106 data elements to help
21 push this information out to all importers.

22

1

2 There were no questions from the Committee, the
3 public, or the webinar, and the Committee voted
4 on and passed these recommendations.

5 **Recommendations passed unanimously.**

6

7 Recommendations from the Bond Working Group
8 included: transparency to the trade on how bond
9 amounts can be calculated and clarification on
10 issues customs brokers are having, a
11 recommendation on Continuous Bonds, that CBP not
12 let certain importers or carriers impact the
13 formula, and that CBP question what more can be
14 done about uncollected debt.

15

16 Acting Executive Assistant Commissioner Eugene
17 Schied offered comments, and there were comments
18 and questions from the Committee but no questions
19 from the public or webinar. Ms. Gelsomino
20 accepted Ms. Boyce's recommendation of
21 consolidating Recommendations 12 and 14 and made
22 the amendment, and the motion was voted on and

OLENDER REPORTING, INC.

1100 Connecticut Avenue NW, #810, Washington, DC 20036

Washington: 202-898-1108 • Baltimore: 410-752-3376

Toll Free: 888-445-3376

1 passed. **Recommendations passed unanimously.**

2

3 Ms. Gelsomino concluded by saying the Forced
4 Labor Working Group was working towards having
5 recommendations for CBP by the next meeting, and
6 Mr. Jerry Malmo gave a bit more detail on what
7 the Group was doing. Mr. Mike Walsh then
8 applauded the efforts of the Group.

9

10 **Global Supply Chain Subcommittee Discussion**

11

12 Subcommittee Co-chair Adam Salerno stated any
13 discussion of the Minimum Security Criteria (MSC)
14 should be done in partnership with industry and
15 that there have been meetings to review material
16 and share proposed changes with CBP, though there
17 are not yet recommendations.

18

19 CBP Director Liz Schmelzinger took up the
20 discussion, saying C-TPAT updates need to be done
21 in partnership with trade and that the first
22 thing the Group needs to do is settle on criteria

OLENDER REPORTING, INC.

1100 Connecticut Avenue NW, #810, Washington, DC 20036

Washington: 202-898-1108 • Baltimore: 410-752-3376

Toll Free: 888-445-3376

1 and then decide on implementation.

2

3 Mr. Salerno then mentioned the Cross-Border
4 Pipeline Project, saying it continues to move
5 forward, and CBP Director Jim Swanson then
6 commended Mr. Salerno on the work he had done,
7 saying there was a real understanding of "a
8 rather significant North American industry."

9

10 Ms. Boyce then announced the "sunsetting" of this
11 work group, saying new groups would be formed
12 based on its work. There were no questions or
13 comments from the public.

14

15 **Exports Subcommittee Discussion**

16

17 This Subcommittee's efforts were focused on
18 making the post-departure filing program better,
19 according to Subcommittee Co-chair Heidi Bray,
20 and success depended on CBP actions. She said the
21 Subcommittee would like to make its work on a
22 Table Top exercise public by November. She then

OLENDER REPORTING, INC.

1100 Connecticut Avenue NW, #810, Washington, DC 20036

Washington: 202-898-1108 • Baltimore: 410-752-3376

Toll Free: 888-445-3376

1 made a recommendation that training be provided
2 to local CBP officials responsible for enforcing
3 export laws and requirements. There were no
4 questions, and this motion passed.

5 **Recommendation passed unanimously.**

6

7 CBP Director Jim Swanson spoke on work already
8 being done -- though there is still much to
9 accomplish -- and touched on some of that work.
10 There were no questions from the Committee or the
11 public.

12

13 **One U.S. Government Subcommittee Discussion**

14

15 According to Subcommittee Co-Chair Susie Hoeger,
16 this Subcommittee has continued to monitor the
17 regulated industry's feedback on ACE deployment
18 and that there are some timing and intended use
19 code issues that need to be addressed. She went
20 on to stress the importance of local port
21 training before mentioning some things they'd
22 like to see happen, including review of the HTS

OLENDER REPORTING, INC.

1100 Connecticut Avenue NW, #810, Washington, DC 20036

Washington: 202-898-1108 • Baltimore: 410-752-3376

Toll Free: 888-445-3376

1 flags, reinstatement of the Automated Invoice
2 Interface, and full deployment of the PGA data
3 edit functionality.

4

5 Subcommittee Co-Chair Amy Magnus then thanked CBP
6 for addressing recommendations from previous COAC
7 meetings and called attention to papers drafted
8 by the National Customs Brokers and
9 Freightforwarders Association (NCBFAA).

10

11 As far as ACS/ACE functionality, some issues
12 brokers are bringing forward are: concern about
13 stability of the system, data transmission
14 issues, size limitation for submissions, 1 USG
15 messaging, among others. Assistant Commissioner
16 Phil Landfried later addressed these concerns.

17

18 CBP Executive Director Deborah Augustin provided
19 a brief update on cargo release and entry summary
20 filings and AES Direct. She said a lot of effort
21 has been put into providing increased
22 transparency and enhanced communication.

OLENDER REPORTING, INC.

1100 Connecticut Avenue NW, #810, Washington, DC 20036

Washington: 202-898-1108 • Baltimore: 410-752-3376

Toll Free: 888-445-3376

1

2 Ms. Magnus then spoke about the Single Window
3 Work Group. In conjunction with Canada and
4 Mexico, each country's processes have been
5 compared, mapped out, and examined. She concluded
6 by saying they would, hopefully, report more in
7 November.

8

9 CBP Employee Steve Graham then read a request
10 from the webcast that CBP allow AII invoice
11 transmissions for ACE. Ms. Boyce stated they
12 would take that into consideration.

13

14 **Trade Modernization Subcommittee Discussion**

15

16 Subcommittee Co-Chair Lenny Feldman spoke of the
17 Subcommittee's successes and stated they had no
18 recommendations. He then shared what the Group
19 would do going forward.

20

21 Next, CBP Executive Director Tom Overacker
22 attested to the success of the Centers of

OLENDER REPORTING, INC.

1100 Connecticut Avenue NW, #810, Washington, DC 20036

Washington: 202-898-1108 • Baltimore: 410-752-3376

Toll Free: 888-445-3376

1 Excellence and Expertise. He expressed thanks for
2 the COAC's collaboration.

3

4 CBP Director Jerry Malmo briefed the Committee of
5 the progress on the COAC's previous
6 recommendations, saying they're on track to give
7 formal comments by August 12th. Acting Executive
8 Director Michael Walsh touched on the
9 International Engagement Work Group, and Ms.
10 Boyce also gave comments. There were no questions
11 from the COAC members or the public.

12

13 **Trusted Trader Subcommittee Discussion**

14

15 In this section of the meeting, Subcommittee Co-
16 Chair Alexandra Latham discussed the Trusted
17 Trader strategic framework, which includes
18 concepts and principles of what Trusted Trader
19 should be. She mentioned the Subcommittee would
20 be on hiatus through November, although they
21 would still be working on other COAC efforts.
22 Upon resumption in November, she said, they would

1 work to establish a roadmap for future
2 undertakings.

3

4 Subcommittee Co-chair Michael Young then spoke
5 about confusion around Trusted Trader, which is
6 actually a combination of different programs, and
7 noted how important feedback on the framework
8 document would be.

9

10 CBP Director Liz Schmelzinger then stated what
11 Trusted Trader is will be defined, saying there
12 is a lot of work to do. She then read some of the
13 strategy for the Trusted Trader framework.

14

15 Ms. Boyce said no decisions are yet being made,
16 that it's posted right now for public review, and
17 she welcomed any comments on that piece. She then
18 requested comments from the COAC members and the
19 public.

20

21

22

1 **Closing Remarks by Mr. Tim Skud**

2

3 COAC Co-Chair Mr. Skud ended the meeting by
4 thanking the COAC members, members of the public,
5 the Boston CBP contingent, and Raytheon.